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FENNEMORE CRAIG, P.C. Arizona Corporation Commission
Jay L. Shapiro (No. 014650)
Todd C. Wiley (No. 015358)
3003 N. Central Ave.
Suite 2600
Phoenix, Arizona 85012
Attorneys for Applicants

DOCKETED

JUL 29 2010

DOCKETED BY

2010 JUL 29 P 4:00

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF BELLA VISTA WATER CO., INC. AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND PROPERTY
AND FOR INCREASES IN ITS WATER
RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO. W-02465A-09-0411

IN THE MATTER OF THE APPLICATION
OF NORTHERN SUNRISE WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS UTILITY
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. W-20453A-09-0412

IN THE MATTER OF THE APPLICATION
OF SOUTHERN SUNRISE WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS UTILITY
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. W-20454A-09-0413

1 IN THE MATTER OF THE JOINT
2 APPLICATION OF BELLA VISTA WATER
3 CO., INC., NORTHERN SUNRISE WATER
4 COMPANY, INC., AND SOUTHERN
5 SUNRISE WATER COMPANY, INC. FOR
6 APPROVAL OF AUTHORITY TO
7 CONSOLIDATE OPERATIONS, AND FOR
8 THE TRANSFER OF UTILITY ASSETS TO
9 BELLA VISTA WATER CO., INC.
10 PURSUANT TO ARIZONA REVISED
11 STATUTES 40-285.

DOCKET NO. W-02465A-09-0414
DOCKET NO. W-20453A-09-0414
DOCKET NO. W-20454A-09-0414

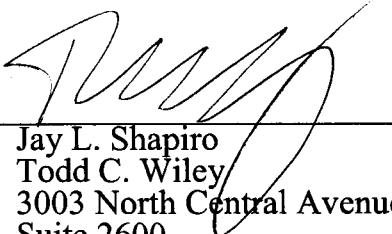
**NOTICE OF FILING LATE FILED
EXHIBIT**

12 As requested by Judge Rodda and the other parties, Applicants hereby submit this
13 Notice of Filing Late Filed Exhibit in the above-referenced matter. Attached as **Exhibit 1**
14 is Liberty Water's Asset Retirement Policy.

15 DATED this 29th day of July, 2010.

16 FENNEMORE CRAIG, P.C.

17 By


Jay L. Shapiro
Todd C. Wiley
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Attorneys for Applicants

18
19 **ORIGINAL** and thirteen (13) copies
20 of the foregoing were filed
21 this 29th day of July, 2010, with:

22 Docket Control
23 Arizona Corporation Commission
24 1200 W. Washington St.
25 Phoenix, AZ 85007
26

1 **COPY** of the foregoing hand-delivered
2 this 29th day of July, 2010 to:

3 Robin Mitchell, Esq.
4 Legal Division
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 **COPY** of the foregoing emailed/mailed
9 this 29th day of July, 2010 to:

10 Jane L. Rodda
11 Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 400 West Congress
15 Tucson, AZ 85701-1347

16 Michelle Wood, Esq.
17 RUCO
18 1110 W. Washington St., Suite 220
19 Phoenix, Arizona 85007

20 By: *Marin San Jose*
21 2337383.1/17962.008

EXHIBIT

1



Liberty Water

12725 W. Indian School Rd.
Suite D101
Avondale, AZ 85392

Asset Retirement Policy

Proc. #:

8010-800-000-002

Description: Retirement of Assets from Plant in Service

Revision #:

1

Page: 1 of 2

Original

Jun 28, 2010

Document Created

Peter Eichler

Description

From time to time, assets are removed or replaced prior to the end of their useful life. This policy governs the accounting treatment of asset retirements and how they are to be recorded on the utility books.

Regulatory References

NARUC Uniform System of Accounts, pages 31-33

Other References

Handy-Whitman Index

Procedure

A new line item has been added to the FWO form which requires the identification of assets. At the time of initiating a project, the following section must now be completed on the form:

WILL THERE BE ASSETS GREATER THAN \$5,000 THAT ARE CURRENTLY IN SERVICE REMOVED AS A RESULT OF THIS PROJECT? IF YES, PLEASE DETAIL THE SPECIFIC ASSETS THAT WILL BE REMOVED:

1. Original Cost of Plant to be removed (if known):
2. What is the replacement cost of the plant being removed (if original cost not known)?
3. Original Work Order of Plant to be removed (if known):
4. Is the Plant being removed reusable?
5. What is the year of original installation of the plant being removed?

Accounting Entry required:

The recording of asset retirements will occur in tracking accounts for statistical purposes, as they occur. The following entry shall occur. The amount of the entry shall be book cost.

Dr. Accumulated Depreciation – Retired Plant
Cr. Retired Fixed Assets

In addition, depreciation expense on retired fixed assets should be tracked as well through the following entry, which shall occur from the time of retirement, until the end of the useful life of the asset:

Dr. Depreciation expense - retired plant
Cr. Depreciation expense – retired plant

At the end of every calendar year, a manual adjusting entry must occur to depreciation expense in the amount of the total debits or total credits in the "Depreciation Expense – retired plant" account. The entry shall be:

Dr. Accumulated Depreciation – plant
Cr. Depreciation Expense



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Page: 2 of 2

Salvage Value, Removal Costs, and other items in the course of retirement

Any other costs incurred or recovered (via salvage value) in the course of retirement shall be charged or credited against the accumulated depreciation account, consistent with instructions found in section 27(2) of the NARUC Uniform System of Accounts, page 32.

Book Cost:

The book cost of any plant item retired should be determined by referring to the original invoice. If an item cannot be easily distinguished on an invoice, an estimate may be used of original book cost by using an estimate of the replacement value (requires an up to date quote) and adjusting for inflation to the original installation date by using the inflation data in the Handy-Whitman index (2009 version attached for reference).

The Handy Whitman index provides an inflation adjusted value with a base year of 1973. For example, as seen on page W-5-8 line 9, an item located within a utility that is part of the Plateau region with a value of \$100 in 1973 would have a value of \$501 on January 1, 2009. Similarly, if an item were to have a current day replacement cost of \$100, the book value would be deemed to be \$19.96 (calculated as $\$100 / (501 / 100)$) for retirement purposes.

Please note that utilities located in Arizona are deemed to be part of the "Plateau region" while utilities in Texas are deemed to be part of the "South West region".